

to the policy of laissez-faire. Only a purely free market will stop privilege-seeking businessmen from clustering around Washington like flies around a garbage can. Under a free market, the only road to profits will be to please the consumer.

Who Really Benefits From Foreign Aid?

Sam Wells

A coalition of Third World regimes, businessmen, and bureaucrats is scheming for your wallet.

What they want is more: more tax dollars extracted from Americans to redistribute under the name of "foreign aid," allegedly to lend a helping hand to "developing" countries so they can climb out of poverty.

Opponents of such policies are said to be selfish and uncaring, or perhaps they have some other more fundamental character flaw. American taxpayers are told to sacrifice their paychecks for the greater good of the poor around the world. How it is that the United States, Britain, Switzerland, Canada, Australia, Sweden, etc. were able to develop *without* foreign aid is never explained.

Assertions, emotion, and power drive these aid programs; not facts or reason. Peter T. Bauer and others have demonstrated that the hundreds of billions flowing from developed nations to the Less Developed Countries (LDCs) actually *retard* progress in those countries while bleeding the donor nations of precious capital.

U.S. government foreign aid, in all its various forms, is *not* assistance to poor people. It is aid to foreign *governments*, political regimes almost always of an authoritarian or totali-

tarian nature. Very little of this money ever gets to the poor people in those foreign lands.

Foreign aid is not charity from rich people to poor people. It is money extracted by government coercion (taxes) from working-class Americans and sent to the ruling cliques in foreign regimes. Politicians and civil servants in those countries dish it out to favored special interests, regardless of any "need."

That's why U.S. foreign aid dollars have helped buy, among many other things, modern TV stations in places where there is no electricity; dress suits for Greek undertakers; extra wives for Kenyan government officials; stretch limousines for African dictators; wasteful "national pride" boondoggles such as the construction of expensive capitals (Brasilia, Islamabad, and Dodoma in Tanzania); and filled the Swiss bank accounts of corrupt politicians. And since foreign aid goes to ruling elites, it helps entrench them in power.

Much of the largesse is pumped into state-run industries and collectivist programs run by socialist bureaucrats. By shoring up socialist systems, our foreign aid money virtually assures economic stagnation, political oppression, and therefore even fewer opportunities for poor people to climb out of their misery.

Julius Nyerere, Tanzania's Marxist dictator, has received hundreds of millions in U.S. foreign aid, even while he brutalizes peasants, pulverizes whole villages, and murders political prisoners who dares to question his forced collectivization.

In Ethiopia, the socialist government uses food to control the population and as a weapon against dissenters. Its collectivist agricultural policies have—not surprisingly—caused famine. But foreign aid has only strengthened the grip of the dictatorial regime over its abject subjects.

Moreover, U.S. foreign aid has often been granted to both sides in the endless parade of wars between feuding nation-states: India and Pakistan, Ethiopia and Somalia, Israel and Egypt, Algeria and Morocco, etc. Of course, the munitions

manufacturers don't mind; they receive more orders for their wares from sovereign belligerents whose bank accounts are replenished by American citizens.

The foreign-aid scam also benefits politically privileged U.S. corporations. The recipient national regime must spend some of the aid money to purchase goods from U.S. exporters, with taxpayer-subsidized loans through the Export-Import Bank, the Commodity Credit Corporation, or the Overseas Private Investment Corporation. The corporation, the recipient government, U.S. bureaucrats—everybody wins in such a transaction. Except the U.S. taxpayer and the poor citizens of the foreign land.

From 1946 to the present, the U.S. government has given over \$400 billion in foreign aid to other governments. Figuring the lost interest on that amount, the real total comes to a staggering \$2.6 trillion. And foreign aid has zoomed during the Reagan years. In 1979, the U.S. government doled out \$9.5 billion; this year it will waste over \$21 billion on foreign aid. Few other budget items have increased as fast. The Reagan administration has spent more than \$114 billion dollars on foreign aid—more than the total of foreign aid spending of the Nixon, Ford, and Carter administrations put together. The president once even threatened a veto because Congress had appropriated *too little* for foreign aid.

The U.S. Constitution nowhere permits the taxing of American citizens for the benefit of foreign governments, U.S. corporations, or U.S. bureaucrats. For the sake of morality, efficiency, and fairness, let's leave foreign aid to those private organizations that actually help, and get the government out.